### Chapter -3

#### RESEARCH METHODOLOGY

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3. RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter introduces overall research design of the study which includes the methodology adopted for carrying out the research study and various phases of this research. This study has been conducted with prime objective of identifying the consumers’ perception towards organized retail marketing and suggests various marketing strategies to retailers’ for enhancing the sale and satisfying the needs of the consumers. Although, a number of techniques are available for collecting primary information from consumers, well-structured questionnaires have been designed and used as prime survey instruments for data collection as the questionnaire addresses the issue of reliability of information by reducing and eliminating differences in the way the questions are asked, and how they are presented. Retailing is also the last stage in the distribution process (Barry Berman, Joel R. Evans, 2004)\textsuperscript{128}.

Retailers are the final business supply chain that links manufacturers to consumers. A supply chain is a set of firms that make and deliver a given set of goods and services to the ultimate consumer. (Levy/Weitz, Retailing Management 2004).\textsuperscript{129} Indian consumers now prefer modern retail formats for shopping as it provides more value in form of improves quality, better brands, pleasant ambience, entertainment facilities, trial rooms, loyalty programs, good parking facilities and competitive pricing (Jasola, M,
Customers are switching not only with in formats but across formats (Anand, K.S. and P.K. Sinha, 2009). It was a seller’s market with a limited number of brands and little choice available to customers. Lack of trained manpower, tax laws and government regulations, consumer awareness and restrictions over entry of foreign player delayed the growth of organized retailing. (Shahid Akhter; Iftekhar Equbal).

In the early stages of 2000s, small, unorganized retail stores called Kiranas, which are similar to mom-and-pop stores in Western countries, accounted for 98% of the retail stores in India (Sinha and Banerjee, 2004) (Tewari, 2005). In 1999, consumer spending in these organized retail stores accounted for only 1% of total retail consumption; however, it increased to 9% (USD $23 billion) in 2006 and is expected to continue to rise up to 25% in the year 2015. (Chugh, 2006; “Coming to Market,” 2006).

Indian consumers are satisfying their increased expectations by shopping in modern organized retail stores and are currently shifting from the unorganized stores (kirana’s/ traditional stores). (Bhatnagar, 2004; Sinha and Banerjee 2004). As the modern retailing grows, it is expected that unorganized retailers scale up themselves to compete with organized retailers. According to the survey, unorganized retailers have indicated a number of steps taken in response to competition from organized retail, such as adding new product lines and brands, better display, renovation of the store, introduction of self service, enhanced home delivery, more credit sales, acceptance of
credit cards, etc. (Joseph, Soundararajan, Gupta, & Sahu, 2008). The foreign direct investment (FDI) inflows in single-brand retail trading during April 2000 to December 2012 stood at US$ 95.36 million, as per the data released by Department of Industrial Policy and Promotion (DIPP). Grewal, Krishnan, Levy & Munger (2006).

3.2 NEED FOR RESEARCH

In retailing, the customer is the reason for existence. The people who enter a retailer's store (or visit its website) and make the purchases are the ones who drive the business. In a service economy, the relationship the retailer builds with the customer determines its success. Customers have a wide choice of businesses to patronize. The retailer that understands its customers 'needs and wants is able to provide the products and services that will best satisfy those customers. As already established the Indian retail environment is undergoing a vast change in the external environment and also with the changing behavior pattern of the customers. Over the years, consumer awareness about quality and price of products/services has increased due to increasing level of literacy in the country and growing exposure to the developed nations via satellite television or overseas work experience. Consumers are more vocal about the quality of products/services that they expect from the market. This awareness has made the consumer seek more reliable sources for purchases, and hence, the logical shift to buying from organized retail chains with established corporate backgrounds and pronounced accountability.
Given the changing retail scenario in India, it becomes imperative to understand the customer perception. The scope of the research is to gain an understanding in the changing and evolving mindset of the customer when it comes to his shopping behavior. The research is focused on the customer perception towards organized retailing particularly in the semi-urban areas. Fuelled by large disposable incomes – the organized retail sector is witnessing a remarkable change in customer perception. ‘Customer is king’, Food retailers today will update that saying to customers is the dictator because of fierce competition, new technology and business practices the market power of customer is strong and growing stronger. It is the aim of the present research to study the customer perception with regard to organized retailing. Whether a business adequately meets customers ‘needs and desires may be measured by its outputs like customer patronage and it is important to identify efficient levels of the various dimensions of satisfaction of customers ‘needs that directly link to measures of specific firm outputs that firms intend to maximize.

This study is expected to contribute to the existing body of knowledge on organized retailing and perception of semi urban customers. Findings from the study will also be helpful to organized retailers to understand what the customer think about them and what the requirements of semi-urban customers. There is an economic basis for the existence of different retail formats in the market and an
understanding of this phenomenon can help managers of organized retailing in identifying the important attributes for their format and consequently differentiate them to a large enough customer segment thereby remaining viable.

From the different studies, it is evident that the organized retailing will record phenomenal growth in recent future. As it has been recognized that the semi-urban and rural retail consumers are also looking at organized retailing for their needs. It has been established that the growth in the organized retailing is confined to urban areas and the semi-urban and rural market is yet to be explored. The researcher has already identified the potentiality of the semi-urban and rural market. It is also evident that there exists a gap in supply and demand for organized retailing in semi-urban and rural areas. To bridge the gap between un-met needs of people living in small towns and semi-urban areas of India, the players in organized retailing are now establishing in these areas. Hence there find a need to make a study on growth of organized retailing especially in the semi-urban areas.

Customer perception is defined as the way that customers usually view or feel about certain services and products. It can also be related to customer satisfaction which is the expectation of the customer towards the products.

Present business scenario feels that the business is customer centric, and the customer is king. It is very important to understand
the customer needs and accordingly the business establishments shall provide the customer requirements. Customer perception is an important factor which helps the growth of any marketing system. Organized retailing has no exception for this.

Customer perception is not uniform across the country, it is influenced by many factors such as social, cultural, economical, educational, geographical etc., the customers of different areas perceive differently with respect to their retail marketing requirements. The organizations, establishing their outlets at different areas shall understand how customers of a particular area perceive.

From the survey of the existing literature and studies already conducted, the researcher found that may studies were carried out with regard to growth and customer perception of organized retail marketing, but not on perception of semi urban customers.

In wake of the above reasons, the researcher found that the customer perception towards organized retail marketing has great influence in development and growth of organized retail marketing in semi-urban areas.

**3.3 OBJECTIVES OF THE STUDY**

Based on the above discussion, the research was carried out with the following objectives.

1. To understand the growth of Indian retail marketing with specific reference to organized retail marketing.
2. To identify factors influencing the growth of organized retail marketing

3. To study the customer perception towards organized retail marketing, particularly in semi-urban areas

4. To measure the level of customer satisfaction on organized retailing in semi-urban areas.

5. To suggest methods for better performance of the organized retailing in semi-urban areas.

**3.4 SCOPE OF THE STUDY**

Customer perception towards organized retail marketing is focused particularly, in the semi-urban areas.

The study was conducted in II tire cities of Rayalaseema, i.e. four district head quarters of Rayalaseema region of Andhra Pradesh, India namely Kadapa, Kurnool, Anantapur, Chittoor and the major town Tirupati. The five cities identified for research are major towns in Rayalaseema region and these five towns forms type II cities of region. Currently there are about 25 organized retail outlets in the above identified cities.

The population of the study was customers of organized retail outlets in the research area.

**3.5 RESEARCH PROBLEM**

The study is committed in finding the quality of organized retail outlet in semi-urban areas. One important aspect that must be seen
and proven is the growth and perception of customers towards the organized retail outlets.

This study has attempted to answer the following questions:

(a) The customer perception towards organized retail outlets, it includes product related, price related, location related and other related concepts.

(b) The Satisfaction level of customers based on various parameters towards Organized Retail Store viz;

i. Convenience of store hours for shopping needs.

ii. Collection and display of products.

iii. Quality of merchandise sold.

iv. Money value of the merchandise sold.

v. Safety of the transaction made in the store.

vi. Satisfaction level of the customer for the price paid by him.

vii. Amenities provide in the store.

viii. Convenience of the store layout, to identify the required product and move around.

ix. Knowledge and interest of the employees to resolve customer problems.

x. Overall satisfactory of the customer with respect to organized retail outlet.
3.6 HYPOTHESES OF THE STUDY

In accordance with the literature review and objectives of the study the researcher has framed the following hypothesis and conducted suitable statistical test to test the validation of the hypothesis. The demographic factor such as gender, educational qualification, family size, occupation, income level, money spent and frequency of visit were considered to understand the perception regarding, brand value of the product, promotional offers, value of the merchandise sold, amenities provided, satisfaction for the price paid, good collection and display of products, convenient store hours, quality of the merchandise sold, store layout.

\textbf{H1\textsubscript{0}}: There is no significant association between gender and brand value of the product, promotional offers, collection & display of products, quality of the merchandise sold, money value of the merchandise sold, satisfaction with respect price of the product, amenities provided in store, layout of the store, ease to customers for shopping convenience, staff attitude in resolving customer’s complaints.

Specifically hypotheses \textbf{H1\textsubscript{0}} is split in to following sub hypothesis.

\textbf{H1\textsubscript{0a}}: There is no significant association between gender and brand value of the product being sold in the organized retail outlet.

\textbf{H1\textsubscript{0b}}: There is no significant association between gender and promotional offers.
**H1₀:** There is no significant association between gender and collection & display of products.

**H1₀ₙ:** There is no significant association between gender and the quality of the merchandise sold.

**H1₀ₚ:** There is no significant association between gender and money value of the merchandise sold.

**H1₀ₕ:** There is no significant association between gender and satisfaction with respect price of the product.

**H1₀ₜ:** There is no significant association between gender and amenities provided in the store.

**H1₀ₗ:** There is no significant association between gender and layout of the store, ease to customers for shopping convenience.

**H1₀ᵦ:** There is no significant association between gender and attitude of the staff in resolving customer’s complaints.

**H2₀:** There is no significant association between educational qualifications of customers and brand value of the product, promotional offers, collection & display of products, quality of the merchandise sold, money value of the merchandise sold, satisfaction with respect price of the product, amenities provided in store, layout of the store, ease to customers for shopping convenience, staff attitude in resolving customer’s complaints.

Specifically hypotheses **H2₀** is split in to following sub hypothesis.
**H20a:** There is no significant association between education qualifications of the customers and brand value of the product being sold in the organized retail outlet.

**H20b:** There is no significant association between education qualifications of the customers and promotional offers.

**H20c:** There is no significant association between education qualifications of the customers and satisfaction of the customers in relation to the collection & display of products.

**H20d:** There is no significant association between education qualifications of the customers and satisfaction of the customers in relation to the quality of the merchandise sold.

**H20e:** There is no significant association between education qualifications of the customers and satisfaction of the customers in relation to the money value of the merchandise sold.

**H20f:** There is no significant association between education qualifications of the customers and satisfaction with respect price of the product.

**H20g:** There is no significant association between education qualifications of the customers and amenities provided in the store.

**H20h:** There is no significant association between education qualifications of the customers and layout of the store, ease to customers for shopping convenience.
\textbf{H2}_0: There is no significant association between education qualifications of the customers and attitude of the staff in resolving customer’s complaints.

\textbf{H3}_0: There is no significant association between family size and brand value of the product, promotional offers, collection & display of products, quality of the merchandise sold, money value of the merchandise sold, satisfaction with respect price of the product, amenities provided in store, layout of the store, ease to customers for shopping convenience, staff attitude in resolving customer’s complaints.

Specifically hypotheses \textbf{H3}_0 is split in to following sub hypothesis.

\textbf{H3}_0a: There is no significant association between family size of the customer and brand value of the product being sold in the organized retail outlet.

\textbf{H3}_0b: There is no significant association between family size of the customer and promotional offers, offered in the organized retail outlet.

\textbf{H3}_0c: There is no significant association between family size of the customer and satisfaction of the customer with respect to the collection & display of products.

\textbf{H3}_0d: There is no significant association between family size of the customer and satisfaction of the customer with respect to the quality of the merchandise sold.
H3₀: There is no significant association between family size of the customer and satisfaction of the customer with respect to the money value of the merchandise sold.

H3₁: There is no significant association between family size of the customer and satisfaction with respect price of the product.

H3₂: There is no significant association between family size of the customer and amenities provided in the store.

H3₃: There is no significant association between family size of the customer and layout of the store, ease to customers for shopping convenience.

H3₄: There is no significant association between family size of the customer and attitude of the staff in resolving customer’s complaints.

H4₀: There is no significant association between occupation of customers and brand value of the product, promotional offers, collection & display of products, quality of the merchandise sold, money value of the merchandise sold, satisfaction with respect price of the product, amenities provided in store, layout of the store, ease to customers for shopping convenience, staff attitude in resolving customer’s complaints.

Specifically hypotheses H4₀ is split in to following sub hypothesis.
**H4**<sub>0a</sub>: There is no significant association between occupation of the customer and brand value of the product being sold in the organized retail outlet.

**H4**<sub>0b</sub>: There is no significant association between occupation of the customer and promotional offers, offered in the organized retail outlet.

**H4**<sub>0c</sub>: There is no significant association between occupation of the customer and satisfaction level of the customer with respect to the collection & display of products.

**H4**<sub>0d</sub>: There is no significant association between occupation of the customer and satisfaction level of the customer with respect to the quality of the merchandise sold.

**H4**<sub>0e</sub>: There is no significant association between occupation of the customer and satisfaction level of the customer with respect to money value of the merchandise sold.

**H4**<sub>0f</sub>: There is no significant association between occupation of the customer and satisfaction with respect price of the product.

**H4**<sub>0g</sub>: There is no significant association between occupation of the customer and amenities provided in the store.

**H4**<sub>0h</sub>: There is no significant association between occupation of the customer and layout of the store, ease to customers for shopping convenience.
\( H_{40} \): There is no significant association between occupation of the customer and attitude of the staff in resolving customer’s complaints.

\( H_{50} \): There is no significant association between income of customers and brand value of the product, promotional offers, collection & display of products, quality of the merchandise sold, money value of the merchandise sold, satisfaction with respect price of the product, amenities provided in store, layout of the store, ease to customers for shopping convenience, staff attitude in resolving customer’s complaints.

Specifically hypotheses \( H_{50} \) is split in to following sub hypothesis.

\( H_{50a} \): There is no significant association between income of the customers and brand value of the product being sold in the organized retail outlet.

\( H_{50b} \): There is no significant association between income of the customers and promotional offers.

\( H_{50c} \): There is no significant association between income of the customers and satisfaction level of the customer with respect to collection & display of products.

\( H_{50d} \): There is no significant association between income of the customers and satisfaction level of the customer with respect to quality of the merchandise sold.
**H5₀:** There is no significant association between income of the customers and satisfaction level of the customer with respect to money value of the merchandise sold.

**H5₀:** There is no significant association between income of the customers and satisfaction with respect price of the product.

**H5₀:** There is no significant association between income of the customers and amenities provided in the store.

**H5₀:** There is no significant association between income of the customers and layout of the store, ease to customers for shopping convenience.

**H5₀:** There is no significant association between income of the customers and attitude of the staff in resolving customer’s complaints.

**H6₀:** There is no significant association between money spent by the customers and brand value of the product, promotional offers, collection & display of products, quality of the merchandise sold, money value of the merchandise sold, satisfaction with respect price of the product, amenities provided in store, layout of the store, ease to customers for shopping convenience, staff attitude in resolving customer’s complaints.

Specifically hypotheses **H6₀** is split in to following sub hypothesis.
H6a: There is no significant association between money spent by the customer and brand value of the product being sold in the organized retail outlet.

H6b: There is no significant association between money spent by the customer and promotional offers, offered in the organized retail outlet.

H6c: There is no significant association between money spent by the customer and satisfaction level of the customer with respect to the collection & display of products.

H6d: There is no significant association between money spent by the customer and satisfaction level of the customer with respect to the quality of the merchandise sold.

H6e: There is no significant association between money spent by the customer and satisfaction level of the customer with respect to money value of the merchandise sold.

H6f: There is no significant association between money spent by the customer and satisfaction with respect price of the product.

H6g: There is no significant association between money spent by the customer and amenities provided in the store.

H6h: There is no significant association between money spent by the customer and layout of the store, ease to customers for shopping convenience.
**H6**: There is no significant association between money spent by the customer and attitude of the staff in resolving customer’s complaints.

**H7**: There is no significant association between frequency of visit by the customers and brand value of the product, promotional offers, collection & display of products, quality of the merchandise sold, money value of the merchandise sold, satisfaction with respect price of the product, amenities provided in store, layout of the store, ease to customers for shopping convenience, staff attitude in resolving customer's complaints.

Specifically hypotheses **H7** is split into following sub hypothesis.

**H7**

- **H7a**: There is no significant association between frequency of visit by the customer and brand value of the product being sold in organized retail outlet.

- **H7b**: There is no significant association between frequency of visit by the customer and promotional offers provided in the organized retail outlet.

- **H7c**: There is no significant association between frequency of visit by the customer satisfaction level of the customer with respect to and collection & display of products.

- **H7d**: There is no significant association between frequency of visit by the customer satisfaction level of the customer with respect to and the quality of the merchandise sold.
**H7_0e:** There is no significant association between frequency of visit by the customer and satisfaction level of the customer with respect to and money value of the merchandise sold.

**H7_0f:** There is no significant association between frequency of visit by the customer and satisfaction with respect price of the product.

**H7_0g:** There is no significant association between frequency of visit by the customer and amenities provided in the store.

**H7_0h:** There is no significant association between frequency of visit by the customer and layout of the store, ease to customers for shopping convenience.

**H7_0i:** There is no significant association between frequency of visit by the customer and attitude of the staff in resolving customer’s complaints.
Fig. 3.1 Hypothesis Model of the study
3.7 RESEARCH DESIGN

1. The researcher has selected descriptive research and cross-sectional design to study the perception of the customers.

2. To understand the growth of organized retailing the researcher has used the secondary data available from published and unpublished research articles, reports, and thesis.

3. To understand the customer perception about organized retailing, the researcher has used the primary data of the customers of organized retailing.

3.8 RESEARCH PLAN

The area of research was the semi urban areas of Rayalaseema region in A.P, i.e., Kadapa, Kurnool, Anantapur, Chittor, and Tirupati.

<table>
<thead>
<tr>
<th>Semi urban Cities</th>
<th>No. of organized retail outlet</th>
<th>No. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kadapa</td>
<td>4</td>
<td>94</td>
</tr>
<tr>
<td>Kurnool</td>
<td>7</td>
<td>126</td>
</tr>
<tr>
<td>Anantapur</td>
<td>4</td>
<td>103</td>
</tr>
<tr>
<td>Chittor</td>
<td>5</td>
<td>80</td>
</tr>
<tr>
<td>Tirupati</td>
<td>5</td>
<td>106</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>509</td>
</tr>
</tbody>
</table>
In there are about 25 organized retail outlets in the cities of Rayalaseema region.

### 3.9 SAMPLE DESIGN

1. A structured questionnaire has been designed for collection of data on customer perception on organized retailing in the area of research.
2. The designed questionnaire was pre-tested through a pilot study and some modifications were carried out in questionnaire based on results of pilot study.
3. The respondents were chosen at randomly from customers who visited organized retail outlets.
4. The questionnaire was distributed personally by the researcher to a sample of 560 respondents, it is found that some of the questionnaires were semi filled and not useful for analysis, a total of 509 questionnaires were found suitable for the analysis.

### 3.10 DATA COLLECTION PERIOD

Data for the research study is collected from five cities over a period of six months. Data was collected from July 2012 to Dec 2012.

### 3.11 TOOLS OF ANALYSIS

Data was analyzed with the help of SPSS V 12.0 (Statistical Package for Social Sciences). Statistical tools like ANOVA, factor analysis and regression analysis have been applied to the data to test the hypotheses.

#### 3.11.1 Analysis of Variance

Analysis of variance (ANOVA) is a set of techniques for studying the cause and effect of one or more factors (independent variables) on a single dependent variable. In the present study oneway ANOVA has been used. F-
test under ANOVA has been conducted to understand whether the different samples have been drawn from the populations having the same mean.

\[ F = \frac{\text{between-column variance}}{\text{within-column variance}} \]

Degrees of freedom for numerator = (Number of samples - 1)

Degrees of freedom for denominator = (Total sample size - Number of samples)

3.11.2 Factor Analysis

The technique of factor analysis provides a fascinating way of reducing the number of variables in a research problem to a smaller and more meaningful number by combining related ones into factors. It relieves the researcher from the confusion arising through overlapping measures of the same underlying variables. Moreover, the cost of further research may be reduced by focusing efforts on fewer variables for study.

In the present study, factor analysis has been used for identifying the important product and store attributes of retailing and various marketing strategies of retailers.

3.11.3 Data Validation and Reliability

The questionnaires developed have been pre-tested and validated through face validity as it was sent to a carefully selected sample of experts and it also has a sufficiently good reliability score. The reliability index is given in Table 4.2. The results reveal that the internal consistency based on the inter-item correlation is quite good in all the sections and varies from 0.857.

3.11.4 Cross Tabulation and Chi-square

A cross-tabulation is a joint frequency distribution of cases based on two or more categorical variables. Displaying a distribution of cases by their values on two or more variables is known as contingency tables analysis and is one of the more commonly used analytic methods in the social sciences.
3.12 CONCEPTUAL FRAMEWORK FOR RESEARCH:

Review of Literature

Studies Covering Overall Organized Retail Scenario

Studies Covering Growth of Retailing

Studies Covering Customer perception

Problem Identification & preparation for Research plan

Primary Data

Questionnaire Generation

Questionnaire for consumers

Pre-testing & Finalization of questionnaire

Questionnaire Administration

Consumers perspective

Secondary Data

Retail Growth Perspective

Analysis of Results & Reporting of Findings
3.13 SUMMARY

Choice of an appropriate research design and methodology is one of the most important aspects that pave the way for targeted outcomes in the research process. This chapter elaborates the detail of step by step approach employed for the research. The present study reveals the results based on primary and secondary data which have been analyzed using appropriate statistical tools. Through methodology applied at different phases of this study has also been explained. Finally, a brief overview of the rationale of statistical methods used to test hypotheses like reliability test, factor analysis, cross tabulation, chi-square, regression, is also outlined.